



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5  
77 WEST JACKSON BOULEVARD  
CHICAGO, IL 60604-3590

MAR 27 2012

REPLY TO THE ATTENTION OF:

Don Smith, Manager  
Air Permits Section  
Industrial Division  
Minnesota Pollution Control Agency  
520 Lafayette Road North  
St. Paul, Minnesota 55155

Dear Mr. Smith:

We have reviewed the Minnesota Pollution Control Agency's (MPCA) draft prevention of significant deterioration (PSD) and Title V permit for Koda Energy, LLC, (Koda) located in Shakopee, Minnesota (permit number 13900114-003). The permit is a corrective action required by a May 7, 2010 Notice of Violation issued by the MPCA. The primary modifications to the permit are the installation of a dry sorbent injection system on the boiler, installation of sulfur dioxide (SO<sub>2</sub>) continuous emissions monitors (CEMs) and additional testing for Hydrochloric Chloric Acid, particulate matter (PM) and PM<sub>10</sub>. The proposed project is a major source of emissions of SO<sub>2</sub>.

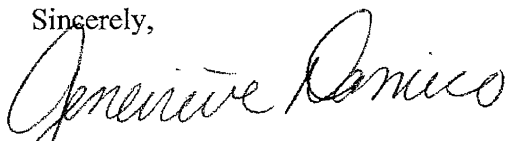
In order to ensure that the project meets Federal Clean Air Act (CAA) requirements, that the permit will provide necessary information so that the basis for the permit decision is transparent and readily accessible to the public, and that the permit record provides adequate support for the decision, the U.S. Environmental Protection Agency has the following comments:

1. The permit record does not include a PM<sub>2.5</sub> increment analysis. At 75 Fed. Reg. 64864, EPA establishes increments for PM<sub>2.5</sub> pursuant to the CAA. In the preamble to the 2010 final rule promulgating the PM<sub>2.5</sub> increments, we indicated that we would require sources seeking a PSD permit under the Federal PSD program to complete an increment analysis as a prerequisite to the permit being issued if the date of issuance will occur after the trigger date (October 20, 2011), when the PM<sub>2.5</sub> increments became effective under the Federal PSD program. Please require Koda to complete a PM<sub>2.5</sub> increment analysis and include it as part of the permit record.
2. Emission Unit (EU) 056 (Suspension Boiler) appears to be subject to the industrial boiler National Emissions Standards for Hazardous Air Pollutants (NESHAP) standards. The permit does not contain the applicable Maximum Achievable Control Technology requirements for industrial boilers. Please justify why this EU is not subject to the industrial boiler NESHAP or add appropriate rule language. Since the industrial boiler NESHAP has been the subject of litigation and rule stays, there is some confusion over the status of the applicable rule and compliance dates.

3. Permit limits for SO<sub>2</sub> for EU 056 are on a 30 day rolling average. Koda has performed air quality modeling that indicates compliance with the 1-hour SO<sub>2</sub> National Ambient Air Quality Standards (NAAQS). Emission rates averaged over a period longer than one hour are not protective of the 1-hour NAAQS. A permit condition that ensures the 1-hour standard is protected should be added to the permit.
4. The permit conditions for the suspension boiler begin on p. A-12. Many of the permit limits on this page do not contain decimal points, e.g., PM limit must be "less than or equal to 0 037 lbs/million Btu heat input." Please correct all missing decimal omissions.

We appreciate the opportunity to provide comments on this draft permit. Please feel free to contact me or have your staff contact Jennifer Darrow, of my staff, at (312) 886-6315 if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "Genevieve Damico".

Genevieve Damico  
Chief  
Air Permits Section